

SENATE BILL No. 241

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5; IC 8-18-22-6; IC 8-25; IC 12-20-25-35.

Synopsis: County income tax council. Replaces the county income tax council with the county council, or city-county council in the case of Marion County, for purposes of the county option income tax, the county economic development income tax, the county motor vehicle excise surtax, and the county wheel tax.

Effective: January 1, 2016.

Smith J

January 6, 2015, read first time and referred to Committee on Tax & Fiscal Policy.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 241

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-3-7.2, AS ADDED BY P.L.80-2014,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2016]: Sec. 7.2. (a) This section applies in a county in
4 which an exemption ordinance adopted under this section is in effect
5 in the county for those assessment dates occurring:
6 (1) after the later of:
7 (A) December 31, 2015; or
8 (B) the date on which the ordinance is adopted; and
9 (2) before the ordinance is rescinded.
10 (b) As used in this section, "affiliate" means an entity that
11 effectively controls or is controlled by a taxpayer or is associated with
12 a taxpayer under common ownership or control, whether by
13 shareholdings or other means.
14 (c) As used in this section, "business personal property" means
15 personal property that:
16 (1) is otherwise subject to assessment and taxation under this



1 article;

2 (2) is used in a trade or business or otherwise held, used, or
3 consumed in connection with the production of income; and

4 (3) was:

5 (A) acquired by the taxpayer in an arms length transaction
6 from an entity that is not an affiliate of the taxpayer, if the
7 personal property has been previously used in Indiana before
8 being placed in service in the county; or

9 (B) acquired in any manner, if the personal property has never
10 been previously used in Indiana before being placed in service
11 in the county.

12 The term does not include mobile homes assessed under IC 6-1.1-7,
13 personal property held as an investment, or personal property that is
14 assessed under IC 6-1.1-8 and is owned by a public utility subject to
15 regulation by the Indiana utility regulatory commission. However, the
16 term does include the personal property of a telephone company or a
17 communications service provider if that personal property meets the
18 requirements of subdivisions (1) through (3), regardless of whether that
19 personal property is assessed under IC 6-1.1-8 and regardless of
20 whether the telephone company or communications service provider is
21 subject to regulation by the Indiana utility regulatory commission.

22 (d) As used in this section, "county income tax council" refers to the
23 county income tax council established by IC 6-3.5-6-2 **(before its**
24 **amendment on January 1, 2016), for a county: notwithstanding the**
25 **replacement of the county income tax council with the county**
26 **council for purposes of IC 6-3.5-6.**

27 (e) As used in this section, "exemption ordinance" refers to an
28 ordinance adopted under subsection (f) by a county income tax council.

29 (f) The county income tax council may by a majority vote of the
30 total votes allocated to the county income tax council adopt an
31 ordinance to have the exemption under this section apply throughout
32 the county.

33 (g) For purposes of adopting an exemption ordinance under this
34 section, a county income tax council is comprised of the same members
35 as the county income tax council that is established by IC 6-3.5-6-2
36 **(before its amendment on January 1, 2016)** for the county, regardless
37 of whether a county income tax is in effect in the county and regardless
38 of which county income tax is in effect in the county. Except as
39 otherwise provided in this section, the county income tax council shall
40 use the same procedures that apply under IC 6-3.5-6 **(before its**
41 **amendment on January 1, 2016)** when acting under this section.

42 (h) Before adopting an exemption ordinance under this section, a



1 county income tax council must conduct a public hearing on the
 2 proposed exemption ordinance. The county income tax council must
 3 publish notice of the public hearing in accordance with IC 5-3-1.

4 (i) The county income tax council shall provide a certified copy of
 5 an adopted exemption ordinance to the department of local government
 6 finance and the county auditor.

7 (j) Notwithstanding section 7 of this chapter, if:

8 (1) a county income tax council has adopted an exemption
 9 ordinance and this section applies to a county for a particular
 10 assessment date; and

11 (2) the acquisition cost of a taxpayer's business personal property
 12 in a county is less than twenty thousand dollars (\$20,000) for that
 13 assessment date;

14 the taxpayer's business personal property in the county for that
 15 assessment date is exempt from taxation.

16 (k) A taxpayer that is eligible for the exemption under this section
 17 is not required to file a personal property return for the taxpayer's
 18 business personal property in the county for that assessment date.
 19 However, the taxpayer must, before May 15 of the calendar year in
 20 which the assessment date occurs, file with the county assessor an
 21 annual certification stating that the taxpayer's business personal
 22 property in the county is exempt from taxation under this section for
 23 that assessment date.

24 SECTION 2. IC 6-1.1-10.3-2, AS ADDED BY P.L.80-2014,
 25 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2016]: Sec. 2. As used in this chapter, "county income
 27 tax council" refers to the county income tax council established by
 28 IC 6-3.5-6-2 (**before its amendment on January 1, 2016**), ~~for a~~
 29 ~~county.~~ **notwithstanding the replacement of the county income tax**
 30 **council with the county council for purposes of IC 6-3.5-6.**

31 SECTION 3. IC 6-1.1-10.3-5, AS ADDED BY P.L.80-2014,
 32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JANUARY 1, 2016]: Sec. 5. (a) A county income tax council may
 34 adopt an exemption ordinance that exempts new personal property
 35 located in the county from property taxation as provided in section 6 of
 36 this chapter.

37 (b) For purposes of adopting an exemption ordinance under this
 38 chapter, a county income tax council is comprised of the same
 39 members as the county income tax council that is established by
 40 IC 6-3.5-6-2 (**before its amendment on January 1, 2016**) for the
 41 county, regardless of whether a county income tax is in effect in the
 42 county and regardless of which county income tax is in effect in the



1 county. Except as provided in this chapter, the county income tax
 2 council shall use the same procedures that apply under IC 6-3.5-6
 3 **(before its amendment on January 1, 2016)** when acting under this
 4 chapter.

5 (c) Before adopting an exemption ordinance under this section, a
 6 county income tax council must conduct a public hearing on the
 7 proposed exemption ordinance. The county income tax council must
 8 publish notice of the public hearing in accordance with IC 5-3-1.

9 (d) The county income tax council shall provide a certified copy of
 10 an adopted exemption ordinance to the department of local government
 11 finance and the county auditor.

12 SECTION 4. IC 6-1.1-12-41, AS AMENDED BY P.L.137-2012,
 13 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2016]: Sec. 41. (a) This section does not apply to
 15 assessment years beginning after December 31, 2005.

16 (b) As used in this section, "assessed value of inventory" means the
 17 assessed value determined after the application of any deductions or
 18 adjustments that apply by statute or rule to the assessment of inventory,
 19 other than the deduction allowed under subsection (f).

20 (c) As used in this section, "county income tax council" means a
 21 council established by IC 6-3.5-6-2 **(before its amendment on**
 22 **January 1, 2016).**

23 (d) As used in this section, "fiscal body" has the meaning set forth
 24 in IC 36-1-2-6.

25 (e) As used in this section, "inventory" has the meaning set forth in
 26 IC 6-1.1-3-11 (repealed).

27 (f) An ordinance may be adopted in a county to provide that a
 28 deduction applies to the assessed value of inventory located in the
 29 county. The deduction is equal to one hundred percent (100%) of the
 30 assessed value of inventory located in the county for the appropriate
 31 year of assessment. An ordinance adopted under this section in a
 32 particular year applies:

33 (1) if adopted before March 31, 2004, to each subsequent
 34 assessment year ending before January 1, 2006; and

35 (2) if adopted after March 30, 2004, and before June 1, 2005, to
 36 the March 1, 2005, assessment date.

37 An ordinance adopted under this section may be consolidated with an
 38 ordinance adopted under IC 6-3.5-7-26. The consolidation of an
 39 ordinance adopted under this section with an ordinance adopted under
 40 IC 6-3.5-7-26 does not cause the ordinance adopted under
 41 IC 6-3.5-7-26 to expire after December 31, 2005.

42 (g) An ordinance may not be adopted under subsection (f) after May



30, 2005. However, an ordinance adopted under this section:

(1) before March 31, 2004, may be amended after March 30, 2004; and

(2) before June 1, 2005, may be amended after May 30, 2005; to consolidate an ordinance adopted under IC 6-3.5-7-26.

(h) The entity that may adopt the ordinance permitted under subsection (f) is:

(1) the county income tax council if the county option income tax is in effect on January 1 of the year in which an ordinance under this section is adopted;

(2) the county fiscal body if the county adjusted gross income tax is in effect on January 1 of the year in which an ordinance under this section is adopted; or

(3) the county income tax council or the county fiscal body, whichever acts first, for a county not covered by subdivision (1) or (2).

To adopt an ordinance under subsection (f), a county income tax council shall use the procedures set forth in IC 6-3.5-6 (**before its amendment on January 1, 2016**) concerning the imposition of the county option income tax. The entity that adopts the ordinance shall provide a certified copy of the ordinance to the department of local government finance before February 1.

(i) A taxpayer is not required to file an application to qualify for the deduction permitted under subsection (f).

(j) The department of local government finance shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor, or the county assessor if there is no township assessor for the township, shall:

(1) determine the amount of the deduction; and

(2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(k) The deduction established in this section must be applied to any inventory assessment made by:

(1) an assessing official;

(2) a county property tax board of appeals; or

(3) the department of local government finance.

SECTION 5. IC 6-3.5-1.5-1, AS AMENDED BY P.L.153-2014, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JANUARY 1, 2016]: Sec. 1. (a) This section does not apply to a tax rate imposed under IC 6-3.5-1.1-24(s) or ~~IC 6-3.5-6-30(t)~~ **IC 6-3.5-6-30(s)** for a public transportation project authorized under IC 8-25.

(b) The department of local government finance and the budget agency shall, before September 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the ensuing calendar year; ~~(before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year);~~ minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all civil taxing units in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: This STEP applies only to property taxes first due and payable before January 1, 2009. Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 (before its repeal) for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) (before its repeal) for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 (before its repeal) for the current calendar year.

STEP THREE: This STEP applies only to property taxes first due and payable before January 1, 2009. Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the children's psychiatric residential treatment services



property tax levy that will be imposed by the county under IC 12-19-7.5-6 (before its repeal) for the ensuing calendar year (before any adjustment under IC 12-19-7.5-6(b) (before its repeal) for the ensuing calendar year); minus
 (2) the children's psychiatric residential treatment services property tax imposed by the county under IC 12-19-7.5-6 (before its repeal) for the current calendar year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the ensuing calendar year (before any adjustment under IC 12-29-2-2(c) for the ensuing calendar year); minus

(2) the county's maximum community mental health centers property tax levy under IC 12-29-2-2 for the current calendar year.

(c) In the case of a county that wishes to impose a tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the department of local government finance and the budget agency shall jointly estimate the amount that will be calculated under subsection (a) in the second year after the tax rate is first imposed. The department of local government finance and the budget agency shall calculate the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the second year after the tax rate is first imposed to raise income tax revenue equal to the estimate under this subsection.

(d) The budget agency and the department of local government finance shall make the calculations under subsections (b) and (c) based on the best information available at the time the calculation is made.

(e) Notwithstanding IC 6-3.5-1.1-24(h) and IC 6-3.5-6-30(h), if a county has adopted an income tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 to replace property tax levy growth, the part of the tax rate under IC 6-3.5-1.1-24 or IC 6-3.5-6-30 that was used before January 1, 2009, to reduce levy growth in the county family and children's fund property tax levy and the children's psychiatric residential treatment services property tax levy shall instead be used for property tax relief in the same manner that a tax rate under IC 6-3.5-1.1-26 or IC 6-3.5-6-32 is used for property tax relief.

SECTION 6. IC 6-3.5-4-1, AS AMENDED BY P.L.205-2013, SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 1. As used in this chapter:

"Adopting entity" means ~~either the county council. or the county~~



income tax council established by IC 6-3.5-6-2 for the county; whichever adopts an ordinance to impose a surtax first.

"Branch office" means a branch office of the bureau of motor vehicles.

"County council" includes the city-county council of a county that contains a consolidated city. ~~of the first class.~~

"Motor vehicle" means a vehicle which is subject to the annual license excise tax imposed under IC 6-6-5.

"Net annual license excise tax" means the tax due under IC 6-6-5 after the application of the adjustments and credits provided by that chapter.

"Surtax" means the annual license excise surtax imposed by an adopting entity under this chapter.

SECTION 7. IC 6-3.5-4-1.1 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 1-1. For purposes of acting as the adopting entity under this chapter, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county (regardless of the income tax that may be in effect in the county). The county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting as an adopting entity under this chapter.~~

SECTION 8. IC 6-3.5-4-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 17. Notwithstanding the replacement of the adopting body with the county council for purposes of this chapter, all actions taken before January 1, 2016, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2015:**

- (1) The imposition of the tax under this chapter.**
- (2) The total tax rate imposed under this chapter.**
- (3) The uses of the tax revenue under this chapter.**
- (4) All agreements relating to the use of the tax revenue.**
- (5) All proceedings and any action taken at a proceeding concerning the tax.**
- (6) Any final action taken by the county income tax council before January 1, 2016, with regard to tax rate increases, decreases, or other matters that will not take effect until after December 31, 2015.**

SECTION 9. IC 6-3.5-5-1, AS AMENDED BY P.L.205-2013, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 1. As used in this chapter:**

"Adopting entity" means ~~either the county council. or the county~~



income tax council established by IC 6-3.5-6-2 for the county; whichever adopts an ordinance to impose a wheel tax first.

"Branch office" means a branch office of the bureau of motor vehicles.

"Bus" has the meaning set forth in IC 9-13-2-17(a).

"Commercial motor vehicle" has the meaning set forth in IC 6-6-5.5-1(c).

"County council" includes the city-county council of a county that contains a consolidated city. ~~of the first class.~~

"In-state miles" has the meaning set forth in IC 6-6-5.5-1(i).

"Political subdivision" has the meaning set forth in IC 34-6-2-110.

"Recreational vehicle" has the meaning set forth in IC 9-13-2-150.

"Semitrailer" has the meaning set forth in IC 9-13-2-164(a).

"State agency" has the meaning set forth in IC 34-6-2-141.

"Tractor" has the meaning set forth in IC 9-13-2-180.

"Trailer" has the meaning set forth in IC 9-13-2-184(a).

"Truck" has the meaning set forth in IC 9-13-2-188(a).

"Wheel tax" means the tax imposed under this chapter.

SECTION 10. IC 6-3.5-5-1.1 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 1-1. For purposes of acting as the adopting entity under this chapter, a county income tax council is comprised of the same members as the county income tax council that is established by IC 6-3.5-6-2 for the county (regardless of the income tax that may be in effect in the county). The county income tax council shall use the same procedures that apply under IC 6-3.5-6 when acting as an adopting entity under this chapter.~~

SECTION 11. IC 6-3.5-5-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 19. Notwithstanding the replacement of the adopting body with the county council for purposes of this chapter, all actions taken before January 1, 2016, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2015:**

- (1) The imposition of the tax under this chapter.**
- (2) The total tax rate imposed under this chapter.**
- (3) The uses of the tax revenue under this chapter.**
- (4) All agreements relating to the use of the tax revenue.**
- (5) All proceedings and any action taken at a proceeding concerning the tax.**
- (6) Any final action taken by the county income tax council before January 1, 2016, with regard to tax rate increases, decreases, or other matters that will not take effect until after**



December 31, 2015.

SECTION 12. IC 6-3.5-6-1, AS AMENDED BY P.L.146-2008, SECTION 335, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

"Apartment complex" means real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

~~"County income tax council" means a council established by section 2 of this chapter.~~ **includes the city-county council of a consolidated city.**

"County taxpayer", as it relates to a particular county, means any individual:

- (1) who resides in that county on the date specified in section 20 of this chapter; or
- (2) who maintains the taxpayer's principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Homestead" has the meaning set forth in IC 6-1.1-12-37.

"Qualified residential property" refers to any of the following:

- (1) An apartment complex.
- (2) A homestead.



(3) Residential rental property.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"Residential rental property" means real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16.

SECTION 13. IC 6-3.5-6-2, AS AMENDED BY P.L.77-2011, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) ~~Using procedures described in this chapter,~~ A county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county; or
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county.

A county council may pass only one (1) ordinance described in subdivisions (1) through (4) or subdivision (6) in any one (1) year.

SECTION 14. IC 6-3.5-6-3 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. Sec. 3: (a) ~~In the case of a city or town that lies within more than one (1) county, the county auditor of each county shall base the allocations required by subsection (b) on the population of that part of the city or town that lies within the county for which the allocations are being made.~~

(b) Every county income tax council has a total of one hundred ~~(100)~~ votes. Every member of the county income tax council is allocated a percentage of the total one hundred ~~(100)~~ votes that may be cast. The percentage that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county. The percentage that the county is allocated for a year equals the same percentage that the population of all areas in



the county not located in a city or town bears to the population of the county. On or before January 1 of each year, the county auditor shall certify to each member of the county income tax council the number of votes, rounded to the nearest one hundredth (0.01); it has for that year.

SECTION 15. IC 6-3.5-6-4 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. Sec. 4: (a) A member of the county income tax council may exercise its votes by passing a resolution and transmitting the resolution to the auditor of the county. However, in the case of an ordinance to impose, rescind, increase, decrease, or freeze the county rate of the county option income tax, the member must transmit the resolution to the county auditor by the appropriate time described in section 8, 9, 10, or 11 of this chapter. The form of a resolution is as follows:

"The _____ (name of civil taxing unit's fiscal body) casts its _____ votes _____ (for or against) the proposed ordinance of the _____ County Income Tax Council, which reads as follows:"

(b) A resolution passed by a member of the county income tax council exercises all votes of the member on the proposed ordinance, and those votes may not be changed during the year.

SECTION 16. IC 6-3.5-6-5 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. Sec. 5: Any member of a county income tax council may present an ordinance for passage. To do so, the member must pass a resolution to propose the ordinance to the county income tax council and distribute a copy of the proposed ordinance to the auditor of the county. The auditor of the county shall treat any proposed ordinance presented to the auditor under this section as a casting of all that member's votes in favor of that proposed ordinance. Subject to the limitations of section 6 of this chapter, the auditor of the county shall deliver copies of a proposed ordinance the auditor receives to all members of the county income tax council within ten (10) days after receipt. Once a member receives a proposed ordinance from the auditor of the county, the member shall vote on it within thirty (30) days after receipt.

SECTION 17. IC 6-3.5-6-6 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. Sec. 6: (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or 2(b)(6) of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or 2(b)(6) of this chapter has been passed, the auditor of the county shall:

(1) cease distributing proposed ordinances of those types for the rest of the year; and



(2) withdraw from the membership any other of those types of proposed ordinances:

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void:

(b) The county income tax council may not vote on; nor may the auditor of the county distribute to the members of the county income tax council; any proposed ordinance during a year; if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect:

SECTION 18. IC 6-3.5-6-7 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. Sec. 7: (a) Before a member of the county income tax council may propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place where the public hearing will be held:

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

(c) The form of the notice required by this section must be in substantially the following form:

"NOTICE OF COUNTY OPTION

INCOME TAX ORDINANCE VOTE:

The fiscal body of the _____ (insert name of civil taxing unit) hereby declares that on _____ (insert date) at _____ (insert the time of day) a public hearing will be held at _____ (insert location) concerning the following resolution to propose an ordinance (or proposed ordinance) that is before the members of the county income tax council: Members of the public are cordially invited to attend the hearing for the purpose of expressing their views:

(Insert a copy of the proposed ordinance or resolution to propose an ordinance.)".

SECTION 19. IC 6-3.5-6-8, AS AMENDED BY P.L.261-2013, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county.

(b) Except as provided in sections 30, 31, and 32 of this chapter, the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of



1 the county and at a rate of five-hundredths of one percent (0.05%) for
2 all other county taxpayers.

3 (c) To impose the county option income tax, a county ~~income tax~~
4 council must pass an ordinance. The ordinance must substantially state
5 the following:

6 "The _____ County ~~Income Tax~~ Council imposes the
7 county option income tax on the county taxpayers of
8 _____ County. The county option income tax is
9 imposed at a rate of two-tenths of one percent (0.2%) on the
10 resident county taxpayers of the county and at a rate of
11 five-hundredths of one percent (0.05%) on all other county
12 taxpayers."

13 (d) Except as provided in sections 30, 31, and 32 of this chapter, if
14 the county option income tax is imposed on the county taxpayers of a
15 county, then the county option income tax rate that is in effect for
16 resident county taxpayers of that county increases by one-tenth of one
17 percent (0.1%) on each succeeding October 1 until the rate equals
18 six-tenths of one percent (0.6%).

19 (e) The county option income tax rate in effect for the county
20 taxpayers of a county who are not resident county taxpayers of that
21 county is at all times one-fourth (1/4) of the tax rate imposed upon
22 resident county taxpayers.

23 (f) The auditor of a county shall record all votes taken on ordinances
24 presented for a vote under this section and, not more than ten (10) days
25 after the vote, send a certified copy of the results to the commissioner
26 of the department, the director of the budget agency, and the
27 commissioner of the department of local government finance in an
28 electronic format approved by the director of the budget agency.

29 SECTION 20. IC 6-3.5-6-9, AS AMENDED BY P.L.261-2013,
30 SECTION 14, IS AMENDED TO READ AS FOLLOWS[EFFECTIVE
31 JANUARY 1, 2016]: Sec. 9. (a) If on January 1 of a calendar year the
32 county option income tax rate in effect for resident county taxpayers
33 equals six tenths of one percent (0.6%), excluding a tax rate imposed
34 under section 30, 31, or 32 of this chapter, the county ~~income tax~~
35 council of that county may pass an ordinance to increase its tax rate for
36 resident county taxpayers. If a county ~~income tax~~ council passes an
37 ordinance under this section, its county option income tax rate for
38 resident county taxpayers increases by one-tenth of one percent (0.1%)
39 in the year in which the ordinance is adopted, as provided in section 1.5
40 of this chapter, and on each succeeding October 1 until its rate reaches
41 a maximum of one percent (1%), excluding a tax rate imposed under
42 section 30, 31, or 32 of this chapter.



(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

SECTION 21. IC 6-3.5-6-10 IS REPEALED [EFFECTIVE JANUARY 1, 2016]. ~~Sec. 10: If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax on the same day that the county option income tax council of the county adopts an ordinance to impose the county option income tax, the county option income tax takes effect in that county and the county adjusted gross income tax shall not take effect in that county.~~

SECTION 22. IC 6-3.5-6-11, AS AMENDED BY P.L.261-2013, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 11. (a) This section does not apply to a tax rate imposed under section 30 of this chapter.

(b) The county ~~income tax~~ council of any county may adopt an ordinance to permanently freeze the county option income tax rates at the rate in effect for its county on December 1 of a year.

(c) To freeze the county option income tax rates, a county ~~income tax~~ council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County ~~Income Tax~~ Council permanently freezes the county option income tax rates at the rate in effect on December 1 of the current year."

(d) An ordinance adopted under the authority of this section remains in effect until rescinded.

(e) If a county ~~income tax~~ council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.1%) until:

(1) the tax rate is again frozen under another ordinance adopted under this section; or

(2) the tax rate equals six-tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six-tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six-tenths of one percent (0.6%)).

(f) The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and



1 the commissioner of the department of local government finance in an
2 electronic format approved by the director of the budget agency.

3 SECTION 23. IC 6-3.5-6-12, AS AMENDED BY P.L.261-2013,
4 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2016]: Sec. 12. (a) The county option income tax
6 imposed by a county ~~income tax~~ council under this chapter remains in
7 effect until rescinded.

8 (b) Subject to subsection (c), the county ~~income tax~~ council of a
9 county may rescind the county option income tax by passing an
10 ordinance.

11 (c) A county ~~income tax~~ council may not rescind the county option
12 income tax or take any action that would result in a civil taxing unit in
13 the county having a smaller distributive share than the distributive
14 share to which it was entitled when it pledged county option income
15 tax, if the civil taxing unit or any commission, board, department, or
16 authority that is authorized by statute to pledge county option income
17 tax, has pledged county option income tax for any purpose permitted
18 by IC 5-1-14 or any other statute.

19 (d) The auditor of a county shall record all votes taken on a
20 proposed ordinance presented for a vote under the authority of this
21 section and, not more than ten (10) days after the vote, send a certified
22 copy of the results to the commissioner of the department, the director
23 of the budget agency, and the commissioner of the department of local
24 government finance in an electronic format approved by the director of
25 the budget agency.

26 SECTION 24. IC 6-3.5-6-12.5, AS AMENDED BY P.L.261-2013,
27 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JANUARY 1, 2016]: Sec. 12.5. (a) The county ~~income tax~~ council may
29 adopt an ordinance to decrease the county option income tax rate in
30 effect.

31 (b) To decrease the county option income tax rate, the county
32 ~~income tax~~ council must adopt an ordinance. The ordinance must
33 substantially state the following:

34 "The _____ County ~~Income Tax~~ Council decreases the
35 county option income tax rate from _____ percent (____ %)
36 to _____ percent (____ %).".

37 (c) A county ~~income tax~~ council may not decrease the county option
38 income tax if the county or any commission, board, department, or
39 authority that is authorized by statute to pledge the county option
40 income tax has pledged the county option income tax for any purpose
41 permitted by IC 5-1-14 or any other statute.

42 (d) The county auditor shall record the votes taken on an ordinance



1 under this subsection and, not more than ten (10) days after the vote,
 2 shall send a certified copy of the ordinance to the commissioner of the
 3 department, the director of the budget agency, and the commissioner
 4 of the department of local government finance in an electronic format
 5 approved by the director of the budget agency.

6 (e) Notwithstanding IC 6-3.5-7, a county ~~income tax~~ council that
 7 decreases the county option income tax in a year may not in the same
 8 year adopt or increase the county economic development income tax
 9 under IC 6-3.5-7.

10 SECTION 25. IC 6-3.5-6-13, AS AMENDED BY P.L.77-2011,
 11 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2016]: Sec. 13. (a) A county ~~income tax~~ council of a
 13 county in which the county option income tax is in effect may adopt an
 14 ordinance to provide a homestead credit for homesteads in its county.

15 (b) A county ~~income tax~~ council may not provide a homestead credit
 16 percentage that exceeds the amount determined in the last STEP of the
 17 following formula:

18 STEP ONE: Determine the amount of the sum of all property tax
 19 levies for all taxing units in a county which are to be paid in the
 20 county in 2003 as reflected by the auditor's abstract for the 2002
 21 assessment year, adjusted, however, for any postabstract
 22 adjustments which change the amount of the levies.

23 STEP TWO: Determine the amount of the county's estimated
 24 property tax replacement under IC 6-1.1-21-3(a) (before its
 25 repeal) for property taxes first due and payable in 2003.

26 STEP THREE: Subtract the STEP TWO amount from the STEP
 27 ONE amount.

28 STEP FOUR: Determine the amount of the county's total county
 29 levy (as defined in IC 6-1.1-21-2(g) before its repeal) for property
 30 taxes first due and payable in 2003.

31 STEP FIVE: Subtract the STEP FOUR amount from the STEP
 32 ONE amount.

33 STEP SIX: Subtract the STEP FIVE result from the STEP THREE
 34 result.

35 STEP SEVEN: Divide the STEP THREE result by the STEP SIX
 36 result.

37 STEP EIGHT: Multiply the STEP SEVEN result by
 38 eight-hundredths (0.08).

39 STEP NINE: Round the STEP EIGHT product to the nearest
 40 one-thousandth (0.001) and express the result as a percentage.

41 (c) The homestead credit percentage must be uniform for all
 42 homesteads in a county.



(d) In the ordinance that establishes the homestead credit percentage, a county ~~income tax~~ council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 26. IC 6-3.5-6-13.5, AS ADDED BY P.L.182-2009(ss), SECTION 218, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 13.5. A county ~~income tax~~ council must before August 1 of each odd-numbered year hold at least one (1) public meeting at which the county ~~income tax~~ council discusses whether the county option income tax rate under this chapter should be adjusted.

SECTION 27. IC 6-3.5-6-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 21. (a) Using procedures provided under this chapter, the county ~~income tax~~ council of any adopting county may pass an ordinance to enter into reciprocity agreements with the taxing authority of any city, town, municipality, county, or other similar local governmental entity of any other state. The reciprocity agreements must provide that the income of resident county taxpayers is exempt from income taxation by the other local governmental entity to the extent income of the residents of the other local governmental entity is exempt from the county option income tax in the adopting county.

(b) A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The form and effective date of any reciprocity agreement described in this section must be approved by the department.

SECTION 28. IC 6-3.5-6-30, AS AMENDED BY P.L.153-2014, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county ~~income tax~~ council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county ~~income tax~~ council may adopt an ordinance to impose a tax rate under this section.

(c) If a county ~~income tax~~ council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after



the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) Except as provided in subsection ~~(u)~~; **(t)**, the following apply only in the year in which a county ~~income tax~~ council first imposes a tax rate under this section:

(1) The county ~~income tax~~ council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a consolidated city, two (2).

(3) The tax rate that must be imposed in the county in the second year is the tax rate determined for the county under IC 6-3.5-1.5-1(c). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) Except as provided in subsection ~~(u)~~; **(t)**, the following apply only in a year in which a county ~~income tax~~ council increases a tax rate under this section:

(1) The county ~~income tax~~ council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under



- 1 IC 6-3.5-1.5-1(b) in the year the tax rate is increased; plus
 2 (B) the tax rate currently in effect in the county under this
 3 section.
 4 The tax rate under this subdivision continues in effect in later
 5 years unless the tax rate is increased under this section.
 6 (3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c),
 7 IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its
 8 repeal), and IC 12-29-2-2(c) apply to property taxes first due and
 9 payable in the ensuing calendar year.
 10 (g) Except as provided in subsection ~~(u)~~; (t), the department of local
 11 government finance shall determine the following property tax
 12 replacement distribution amounts:
 13 STEP ONE: Determine the sum of the amounts determined under
 14 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) for the
 15 county in the preceding year.
 16 STEP TWO: For distribution to each civil taxing unit that in the
 17 year had a maximum permissible property tax levy limited under
 18 IC 6-1.1-18.5-3(b), determine the result of:
 19 (1) the quotient of:
 20 (A) the part of the amount determined under STEP ONE of
 21 IC 6-3.5-1.5-1(b) in the preceding year that was attributable
 22 to the civil taxing unit; divided by
 23 (B) the STEP ONE amount; multiplied by
 24 (2) the tax revenue received by the county treasurer under this
 25 section.
 26 STEP THREE: For distributions in 2009 and thereafter, the result
 27 of this STEP is zero (0). For distribution to the county for deposit
 28 in the county family and children's fund before 2009, determine
 29 the result of:
 30 (1) the quotient of:
 31 (A) the amount determined under STEP TWO of
 32 IC 6-3.5-1.5-1(b) in the preceding year; divided by
 33 (B) the STEP ONE amount; multiplied by
 34 (2) the tax revenue received by the county treasurer under this
 35 section.
 36 STEP FOUR: For distributions in 2009 and thereafter, the result
 37 of this STEP is zero (0). For distribution to the county for deposit
 38 in the county children's psychiatric residential treatment services
 39 fund before 2009, determine the result of:
 40 (1) the quotient of:
 41 (A) the amount determined under STEP THREE of
 42 IC 6-3.5-1.5-1(b) in the preceding year; divided by



- 1 (B) the STEP ONE amount; multiplied by
 2 (2) the tax revenue received by the county treasurer under this
 3 section.
 4 STEP FIVE: For distribution to the county for community mental
 5 health center purposes, determine the result of:
 6 (1) the quotient of:
 7 (A) the amount determined under STEP FOUR of
 8 IC 6-3.5-1.5-1(b) in the preceding year; divided by
 9 (B) the STEP ONE amount; multiplied by
 10 (2) the tax revenue received by the county treasurer under this
 11 section.
 12 Except as provided in subsection (m), the county treasurer shall
 13 distribute the portion of the certified distribution that is attributable to
 14 a tax rate under this section as specified in this section. The county
 15 treasurer shall make the distributions under this subsection at the same
 16 time that distributions are made to civil taxing units under section 18
 17 of this chapter.
 18 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
 19 ~~income tax~~ council may not decrease or rescind a tax rate imposed
 20 under this section.
 21 (i) The tax rate under this section shall not be considered for
 22 purposes of computing:
 23 (1) the maximum income tax rate that may be imposed in a county
 24 under section 8 or 9 of this chapter or any other provision of this
 25 chapter; or
 26 (2) the maximum permissible property tax levy under
 27 IC 6-1.1-18.5-3.
 28 (j) The tax levy under this section shall not be considered for
 29 purposes of the credit under IC 6-1.1-20.6.
 30 (k) Except as provided in subsections ~~(t)~~ (s) and ~~(u)~~ (t), a
 31 distribution under this section shall be treated as a part of the receiving
 32 civil taxing unit's property tax levy for that year for purposes of fixing
 33 its budget and for determining the distribution of taxes that are
 34 distributed on the basis of property tax levies.
 35 (l) If a county ~~income tax~~ council imposes a tax rate under this
 36 section (other than a tax rate imposed under subsection ~~(t)~~ (s)), the
 37 county option income tax rate dedicated to locally funded homestead
 38 credits in the county may not be decreased.
 39 (m) In the year following the year in which a county first imposes
 40 a tax rate under this section:
 41 (1) one-third (1/3) of the tax revenue that is attributable to the tax
 42 rate under this section must be deposited in the county



1 stabilization fund established under subsection (o), in the case of
 2 a county containing a consolidated city; and
 3 (2) one-half (1/2) of the tax revenue that is attributable to the tax
 4 rate under this section (other than a tax rate imposed under
 5 subsection ~~(t)~~ (s)) must be deposited in the county stabilization
 6 fund established under subsection (o), in the case of a county not
 7 containing a consolidated city.

8 (n) Except as provided in subsection ~~(t)~~ (s) and IC 8-25, a pledge of
 9 county option income taxes does not apply to revenue attributable to a
 10 tax rate under this section.

11 (o) Except as provided in subsections ~~(t)~~ (s) and ~~(u)~~ (t), a county
 12 stabilization fund is established in each county that imposes a tax rate
 13 under this section. The county stabilization fund shall be administered
 14 by the county auditor. If for a year the certified distributions
 15 attributable to a tax rate under this section exceed the amount
 16 calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b)
 17 that is used by the department of local government finance and the
 18 department of state revenue to determine the tax rate under this section,
 19 the excess shall be deposited in the county stabilization fund. Money
 20 shall be distributed from the county stabilization fund in a year by the
 21 county auditor to political subdivisions entitled to a distribution of tax
 22 revenue attributable to the tax rate under this section if:

23 (1) the certified distributions attributable to a tax rate under this
 24 section are less than the amount calculated under STEP ONE
 25 through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the
 26 department of local government finance and the department of
 27 state revenue to determine the tax rate under this section for a
 28 year; or

29 (2) the certified distributions attributable to a tax rate under this
 30 section in a year are less than the certified distributions
 31 attributable to a tax rate under this section in the preceding year.

32 However, subdivision (2) does not apply to the year following the first
 33 year in which certified distributions of revenue attributable to the tax
 34 rate under this section are distributed to the county.

35 (p) Notwithstanding any other provision, a tax rate imposed under
 36 this section may not exceed one percent (1%).

37 (q) Except as provided in subsection ~~(u)~~ (t), a county ~~income tax~~
 38 council must each year hold at least one (1) public meeting at which
 39 the county council discusses whether the tax rate under this section
 40 should be imposed or increased.

41 (r) The department of local government finance and the department
 42 of state revenue may take any actions necessary to carry out the



purposes of this section.

~~(s) Notwithstanding any other provision, in:~~

~~(1) Lake County;~~

~~(2) Delaware County; and~~

~~(3) Madison County;~~

the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

~~(t)~~ (s) This subsection applies only to Delaware County and Madison County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may, after at least one (1) public meeting, adopt an ordinance to provide for the use of county option income tax revenue attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an additional tax rate on the county taxpayers who reside in a township in which the voters approve a public transportation project in a local public question held under IC 8-25-6. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county (or township in the case of an additional rate required by IC 8-25-6-10) of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate imposed under this subsection must be:

(1) retained by the county auditor;

(2) deposited in the county public transportation project fund established under IC 8-25-3-7; and

(3) used for the purpose provided in this subsection instead of as a property tax replacement distribution.

~~(u)~~ (t) The following do not apply to an additional tax rate imposed under subsection ~~(t)~~: (s):

(1) Subsection (e).

(2) Subsection (f).

(3) Subsection (g).

(4) Subsection (k).

(5) Subsection (n).

(6) Subsection (o).

(7) Subsection (q).

SECTION 29. IC 6-3.5-6-31, AS AMENDED BY P.L.261-2013, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



JANUARY 1, 2016]: Sec. 31. (a) As used in this section, "public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.
- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in IC 16-18-2-107).
- (4) Emergency medical services (as defined in IC 16-18-2-110).
- (5) Emergency action (as defined in IC 13-11-2-65).
- (6) A probation department of a court.
- (7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:
 - (A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);
 - (B) convicted of a crime; or
 - (C) adjudicated as a delinquent child or a child in need of services.
- (8) A juvenile detention facility under IC 31-31-8.
- (9) A juvenile detention center under IC 31-31-9.
- (10) A county jail.
- (11) A communications system (as defined in IC 36-8-15-3), an enhanced emergency telephone system (as defined in IC 36-8-16-2 (before its repeal on July 1, 2012)), or the statewide 911 system (as defined in IC 36-8-16.7-22).
- (12) Medical and health expenses for jail inmates and other confined persons.
- (13) Pension payments for any of the following:
 - (A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.
 - (B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.
 - (C) A county sheriff or any other member of the office of the county sheriff.
 - (D) Other personnel employed to provide a service described in this section.



(b) The county ~~income tax~~ council may adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety if:

(1) the county ~~income tax~~ council has imposed a tax rate under section 30 of this chapter, in the case of a county containing a consolidated city; or

(2) the county ~~income tax~~ council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 30 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 32 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 30 and 32 of this chapter, in the case of a county other than a county containing a consolidated city.

(c) A tax rate under this section may not exceed the following:

(1) Five-tenths of one percent (0.5%), in the case of a county containing a consolidated city.

(2) Twenty-five hundredths of one percent (0.25%), in the case of a county other than a county containing a consolidated city.

(d) If a county ~~income tax~~ council adopts an ordinance to impose a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) Except as provided in subsections ~~(f)~~ **(k)** and ~~(m)~~ **(l)**, the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county or municipality for the calendar year; divided by

(B) the sum of the total property taxes being collected in the county by the county and each municipality in the county that



1 is entitled to a distribution under this section for the calendar
2 year.

3 The county auditor shall make the distributions required by this
4 subsection not more than thirty (30) days after receiving the portion of
5 the certified distribution that is attributable to a tax rate under this
6 section. Tax revenue distributed to a county or municipality under this
7 subsection must be deposited into a separate account or fund and may
8 be appropriated by the county or municipality only for public safety
9 purposes.

10 (g) The department of local government finance may not require a
11 county or municipality receiving tax revenue under this section to
12 reduce the county's or municipality's property tax levy for a particular
13 year on account of the county's or municipality's receipt of the tax
14 revenue.

15 (h) The tax rate under this section and the tax revenue attributable
16 to the tax rate under this section shall not be considered for purposes
17 of computing:

18 (1) the maximum income tax rate that may be imposed in a county
19 under section 8 or 9 of this chapter or any other provision of this
20 chapter;

21 (2) the maximum permissible property tax levy under
22 IC 6-1.1-18.5-3; or

23 (3) the credit under IC 6-1.1-20.6.

24 (i) The tax rate under this section may be imposed or rescinded at
25 the same time and in the same manner that the county may impose or
26 increase a tax rate under section 30 of this chapter.

27 (j) The department of local government finance and the department
28 of state revenue may take any actions necessary to carry out the
29 purposes of this section.

30 ~~(k) Notwithstanding any other provision, in Lake County the county~~
31 ~~council (and not the county income tax council) is the entity authorized~~
32 ~~to take actions concerning the additional tax rate under this section.~~

33 ~~(†)~~ (k) Two (2) or more political subdivisions that are entitled to
34 receive a distribution under this section may adopt resolutions
35 providing that some part or all of those distributions shall instead be
36 paid to one (1) political subdivision in the county to carry out specific
37 public safety purposes specified in the resolutions.

38 ~~(m)~~ (l) A fire department, volunteer fire department, or emergency
39 medical services provider that:

40 (1) provides fire protection or emergency medical services within
41 the county; and

42 (2) is operated by or serves a political subdivision that is not



1 otherwise entitled to receive a distribution of tax revenue under
 2 this section;
 3 may before July 1 of a year apply to the county ~~income tax~~ council for
 4 a distribution of tax revenue under this section during the following
 5 calendar year. The county ~~income tax~~ council shall review an
 6 application submitted under this subsection and may before September
 7 1 of a year adopt a resolution requiring that one (1) or more of the
 8 applicants shall receive a specified amount of the tax revenue to be
 9 distributed under this section during the following calendar year. A
 10 resolution approved under this subsection providing for a distribution
 11 to one (1) or more fire departments, volunteer fire departments, or
 12 emergency services providers applies only to distributions in the
 13 following calendar year. Any amount of tax revenue distributed under
 14 this subsection to a fire department, volunteer fire department, or
 15 emergency medical services provider shall be distributed before the
 16 remainder of the tax revenue is distributed under subsection (f).

17 SECTION 30. IC 6-3.5-6-32, AS AMENDED BY P.L.261-2013,
 18 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JANUARY 1, 2016]: Sec. 32. (a) A county ~~income tax~~ council may
 20 impose a tax rate under this section to provide property tax relief to
 21 taxpayers in the county. A county ~~income tax~~ council is not required to
 22 impose any other tax before imposing a tax rate under this section.

23 (b) A tax rate under this section may be imposed in increments of
 24 five-hundredths of one percent (0.05%) determined by the county
 25 ~~income tax~~ council. A tax rate under this section may not exceed one
 26 percent (1%).

27 (c) A tax rate under this section is in addition to any other tax rates
 28 imposed under this chapter and does not affect the purposes for which
 29 other tax revenue under this chapter may be used.

30 (d) If a county ~~income tax~~ council adopts an ordinance to impose or
 31 increase a tax rate under this section, not more than ten (10) days after
 32 the vote, the county auditor shall send a certified copy of the ordinance
 33 to the commissioner of the department, the director of the budget
 34 agency, and the commissioner of the department of local government
 35 finance in an electronic format approved by the director of the budget
 36 agency.

37 (e) A tax rate under this section may be imposed, increased,
 38 decreased, or rescinded at the same time and in the same manner that
 39 the county ~~income tax~~ council may impose or increase a tax rate under
 40 section 30 of this chapter.

41 (f) Tax revenue attributable to a tax rate under this section may be
 42 used for any combination of the following purposes, as specified by



- 1 ordinance of the county ~~income tax~~ council:
- 2 (1) The tax revenue may be used to provide local property tax
- 3 replacement credits at a uniform rate to all taxpayers in the
- 4 county. The local property tax replacement credits shall be treated
- 5 for all purposes as property tax levies. The county auditor shall
- 6 determine the local property tax replacement credit percentage for
- 7 a particular year based on the amount of tax revenue that will be
- 8 used under this subdivision to provide local property tax
- 9 replacement credits in that year. A county ~~income tax~~ council may
- 10 not adopt an ordinance determining that tax revenue shall be used
- 11 under this subdivision to provide local property tax replacement
- 12 credits at a uniform rate to all taxpayers in the county unless the
- 13 county council has done the following:
- 14 (A) Made available to the public the county council's best
- 15 estimate of the amount of property tax replacement credits to
- 16 be provided under this subdivision to homesteads, other
- 17 residential property, commercial property, industrial property,
- 18 and agricultural property.
- 19 (B) Adopted a resolution or other statement acknowledging
- 20 that some taxpayers in the county that do not pay the tax rate
- 21 under this section will receive a property tax replacement
- 22 credit that is funded with tax revenue from the tax rate under
- 23 this section.
- 24 (2) The tax revenue may be used to uniformly increase (before
- 25 January 1, 2011) or uniformly provide (after December 31, 2010)
- 26 the homestead credit percentage in the county. The homestead
- 27 credits shall be treated for all purposes as property tax levies. The
- 28 homestead credits do not reduce the basis for determining any
- 29 state homestead credit. The homestead credits shall be applied to
- 30 the net property taxes due on the homestead after the application
- 31 of all other assessed value deductions or property tax deductions
- 32 and credits that apply to the amount owed under IC 6-1.1. The
- 33 county auditor shall determine the homestead credit percentage
- 34 for a particular year based on the amount of tax revenue that will
- 35 be used under this subdivision to provide homestead credits in
- 36 that year.
- 37 (3) The tax revenue may be used to provide local property tax
- 38 replacement credits at a uniform rate for all qualified residential
- 39 property (as defined in IC 6-1.1-20.6-4 before January 1, 2009,
- 40 and as defined in section 1 of this chapter after December 31,
- 41 2008) in the county. The local property tax replacement credits
- 42 shall be treated for all purposes as property tax levies. The county



auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits



under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county ~~income tax~~ council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement, the excess shall be credited to a dedicated county account and may be used only for property tax replacement under this section in subsequent years.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

~~(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the tax rate under this section.~~

SECTION 31. IC 6-3.5-6-34, AS ADDED BY P.L.153-2014, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 34. Notwithstanding any other law, if an additional tax rate imposed under section 30(t) 30(s) of this chapter is required by IC 8-25-6-10, the additional tax rate applies only to the county taxpayers who reside in a township in which the voters approve



a local public question held under IC 8-25-6.

SECTION 32. IC 6-3.5-6-35 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 35. Notwithstanding the replacement of the county income tax council with the county council for purposes of this chapter, all actions taken before January 1, 2016, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2015:**

- (1) The imposition of the tax under this chapter.
- (2) The total tax rate imposed under this chapter.
- (3) The uses of the tax revenue under this chapter.
- (4) All agreements relating to the use of the tax revenue.
- (5) All proceedings and any action taken at a proceeding concerning the tax.
- (6) Any final action taken by the county income tax council before January 1, 2016, with regard to tax rate increases, decreases, or other matters that will not take effect until after December 31, 2015.

SECTION 33. IC 6-3.5-7-5, AS AMENDED BY P.L.153-2014, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: **Sec. 5. (a)** Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. Except as provided in section 26(m) of this chapter, the ~~entity that~~ **county council** may impose the tax. ~~is:~~

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on October 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on October 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in this section and section 28 of this chapter, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);



- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in this section, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in this section, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the ~~appropriate body~~ **county council** must adopt an ordinance.

(e) The ordinance to impose the tax must substantially state the following:

"The _____ County **Council** imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county."

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(g) For Jackson County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(h) For Pulaski County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).



(i) For Wayne County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(j) This subsection applies to Randolph County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(k) For Daviess County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(l) For:

(1) Elkhart County; or

(2) Marshall County;

except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For Union County, except as provided in subsection (o), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) This subsection applies to Knox County. Except as provided in subsection (o), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);



1 if the county council makes a determination to impose rates under this
2 subsection and section 24 of this chapter.

3 (o) This subsection applies to a county in which ~~an adopting entity~~
4 **the county council** approves the use of the certified distribution for
5 property tax relief under section 26(c) and 26(e) of this chapter or to a
6 county in which the county fiscal body approves the use of the certified
7 distribution to fund a public transportation project under section 26(m)
8 of this chapter. In addition:

9 (1) the county economic development income tax may be imposed
10 at a rate that exceeds by not more than twenty-five hundredths
11 percent (0.25%) the maximum rate that would otherwise apply
12 under this section; and

13 (2) the:

14 (A) county economic development income tax; and

15 (B) county option income tax or county adjusted gross income
16 tax;

17 may be imposed at combined rates that exceed by not more than
18 twenty-five hundredths percent (0.25%) the maximum combined
19 rates that would otherwise apply under this section.

20 Except as provided in section 5.5 of this chapter, the additional rate
21 imposed under this subsection may not exceed the amount necessary
22 to mitigate the increased ad valorem property taxes on homesteads (as
23 defined in IC 6-1.1-20.9-1 (repealed) before January 1, 2009, or
24 IC 6-1.1-12-37 after December 31, 2008) or residential property (as
25 defined in section 26 of this chapter), as appropriate under the
26 ordinance adopted by the adopting body in the county resulting from
27 the deduction of the assessed value of inventory in the county under
28 IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the exclusion in 2008 of
29 inventory from the definition of personal property in IC 6-1.1-1-11.

30 (p) If the county economic development income tax is imposed as
31 authorized under subsection (o) at a rate that exceeds the maximum
32 rate that would otherwise apply under this section, the certified
33 distribution must be used for a purpose provided in section 26 of this
34 chapter to the extent that the certified distribution results from the
35 difference between:

36 (1) the actual county economic development tax rate; and

37 (2) the maximum rate that would otherwise apply under this
38 section.

39 (q) This subsection applies only to a county described in section 27
40 of this chapter. Except as provided in subsection (o), in addition to the
41 rates permitted by subsection (b), the:

42 (1) county economic development income tax may be imposed at



1 a rate of twenty-five hundredths percent (0.25%); and
 2 (2) county economic development income tax rate plus the county
 3 option income tax rate that are in effect on January 1 of a year
 4 may equal up to one and twenty-five hundredths percent (1.25%);
 5 if the county council makes a determination to impose rates under this
 6 subsection and section 27 of this chapter.

7 (r) Except as provided in subsection (o), the county economic
 8 development income tax rate plus the county adjusted gross income tax
 9 rate that are in effect on January 1 of a year may not exceed one and
 10 five-tenths percent (1.5%) if the county has imposed the county
 11 adjusted gross income tax under IC 6-3.5-1.1-3.3.

12 (s) This subsection applies to Howard County. Except as provided
 13 in subsection (o), the sum of the county economic development income
 14 tax rate and the county option income tax rate that are in effect on
 15 January 1 of a year may not exceed one and twenty-five hundredths
 16 percent (1.25%).

17 (t) This subsection applies to Scott County. Except as provided in
 18 subsection (o), the sum of the county economic development income
 19 tax rate and the county option income tax rate that are in effect on
 20 January 1 of a year may not exceed one and twenty-five hundredths
 21 percent (1.25%).

22 (u) This subsection applies to Jasper County. Except as provided in
 23 subsection (o), the sum of the county economic development income
 24 tax rate and the county adjusted gross income tax rate that are in effect
 25 on January 1 of a year may not exceed one and five-tenths percent
 26 (1.5%).

27 (v) An additional county economic development income tax rate
 28 imposed under section 28 of this chapter may not be considered in
 29 calculating any limit under this section on the sum of:

30 (1) the county economic development income tax rate plus the
 31 county adjusted gross income tax rate; or

32 (2) the county economic development tax rate plus the county
 33 option income tax rate.

34 (w) The income tax rate limits imposed by subsection (c) or (x) or
 35 any other provision of this chapter do not apply to:

36 (1) a county adjusted gross income tax rate imposed under
 37 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

38 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
 39 IC 6-3.5-6-31, or IC 6-3.5-6-32.

40 For purposes of computing the maximum combined income tax rate
 41 under subsection (c) or (x) or any other provision of this chapter that
 42 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this



chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

(x) This subsection applies to Monroe County. Except as provided in subsection (o), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).

(y) This subsection applies to Perry County. Except as provided in subsection (o), if an ordinance is adopted under section 27.5 of this chapter, the county economic development income tax rate plus the county option income tax rate that is in effect on January 1 of a year may not exceed one and seventy-five hundredths percent (1.75%).

(z) This subsection applies to Starke County. Except as provided in subsection (o), if an ordinance is adopted under section 27.6 of this chapter, the county economic development income tax rate plus the county adjusted gross income tax rate that is in effect on January 1 of a year may not exceed two percent (2%).

SECTION 34. IC 6-3.5-7-12, AS AMENDED BY P.L.137-2012, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 12. (a) Except as provided in sections 23, 26, 27, 27.5, 27.6, and 28 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and section 15 of this chapter, and subject to adjustment as provided in IC 36-8-19-7.5, the amount of the certified distribution that the county and each city or town in a county is entitled to receive each month of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of:

(A) total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) for a county, the welfare allocation amount.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus the welfare allocation amount. The welfare



allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(c) This subsection applies to a county council ~~or county income tax council~~ that imposes a tax under this chapter after June 1, 1992. The ~~body imposing the tax~~ **county council** may adopt an ordinance before August 2 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

- (1) The ordinance is effective January 1 of the following year.
- (2) Except as provided in section 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during each month of each year equals the product of:
 - (A) the amount of the certified distribution for the month; multiplied by
 - (B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.
- (3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The ~~body imposing the tax~~ **county council** may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

- (1) The county.
- (2) A city or town in the county.
- (3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.



(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15 and 26 of this chapter.

SECTION 35. IC 6-3.5-7-26, AS AMENDED BY P.L.153-2014, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 26. (a) This section applies only to the following:

(1) Taxes imposed under this chapter to provide homestead and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(2) Taxes imposed under this chapter to fund a public transportation project under subsection (m).

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

~~(2) "Adopting entity" means:~~

~~(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or~~

~~(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.~~

~~(3) (2) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.~~

~~(4) (3) "Residential" refers to the following:~~

~~(A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9 (repealed) or the standard deduction under IC 6-1.1-12-37.~~

~~(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30)~~



days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:

- (i) residential property; or
- (ii) commercial property.

(c) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. ~~An adopting entity~~ **A county council** may adopt an ordinance to provide for the use of the certified distribution described in section 16 of this chapter for the purpose provided in subsection (e). ~~An adopting entity~~ **A county council** that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. The ordinance may provide for an additional rate under section 5(o) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16 of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and
- (2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the ~~adopting entity~~ **county council**:

- (A) Uniformly applied homestead credits as provided in subsection (f).
- (B) Uniformly applied residential credits as provided in subsection (g).
- (C) Allocated homestead credits as provided in subsection (i).
- (D) Allocated residential credits as provided in subsection (j).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter (before its repeal).

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (k); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the ~~adopting entity~~ **county council** shall use the certified distribution described in section 16 of this chapter to provide:



- 1 (1) if the ordinance grants a credit described in subsection
 2 (c)(2)(A) or (c)(2)(C), a homestead credit for homesteads; or
 3 (2) if the ordinance grants a credit described in subsection
 4 (c)(2)(B) or (c)(2)(D), a property tax replacement credit for
 5 residential property;

6 for property taxes to offset the effect on homesteads or residential
 7 property, as applicable, in the county resulting from the statewide
 8 deduction for inventory under IC 6-1.1-12-42 or from the exclusion in
 9 2008 of inventory from the definition of personal property in
 10 IC 6-1.1-1-11. The amount of a residential property tax replacement
 11 credit granted under this section may not be considered in computing
 12 the amount of any homestead credit to which the residential property
 13 may be entitled under IC 6-1.1-20.9 (before its repeal) or another law
 14 other than IC 6-1.1-20.6.

15 (f) If the ~~imposing entity~~ **county council** specifies the application
 16 of uniform homestead credits under subsection (c)(2)(A), the county
 17 auditor shall, for each calendar year in which a homestead credit
 18 percentage is authorized under this section, determine:

- 19 (1) the amount of the certified distribution that is available to
 20 provide a homestead credit percentage under this section for the
 21 year;
 22 (2) the amount of uniformly applied homestead credits for the
 23 year in the county that equals the amount determined under
 24 subdivision (1); and
 25 (3) the percentage of homestead credit under this section that
 26 equates to the amount of homestead credits determined under
 27 subdivision (2).

28 (g) If the ~~imposing entity~~ **county council** specifies the application
 29 of uniform residential credits under subsection (c)(2)(B), the county
 30 auditor shall determine for each calendar year in which a homestead
 31 credit percentage is authorized under this section:

- 32 (1) the amount of the certified distribution that is available to
 33 provide a residential property tax replacement credit percentage
 34 for the year;
 35 (2) the amount of uniformly applied residential property tax
 36 replacement credits for the year in the county that equals the
 37 amount determined under subdivision (1); and
 38 (3) the percentage of residential property tax replacement credit
 39 under this section that equates to the amount of residential
 40 property tax replacement credits determined under subdivision
 41 (2).

42 (h) The percentage of homestead credit determined by the county



auditor under subsection (f) or the percentage of residential property tax replacement credit determined by the county auditor under subsection (g) applies uniformly in the county in the calendar year for which the percentage is determined.

(i) If the ~~imposing entity~~ **county council** specifies the application of allocated homestead credits under subsection (c)(2)(C), the county auditor shall, for each calendar year in which a homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide a homestead credit under this section for the year; and

(2) except as provided in subsection (l), a percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(j) If the ~~imposing entity~~ **county council** specifies the application of allocated residential property tax replacement credits under subsection (c)(2)(D), the county auditor shall determine for each calendar year in which a residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide a residential property tax replacement credit under this section for the year; and

(2) except as provided in subsection (l), a percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the assessment date in 2006 bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the assessment date in 2006.

(k) This subsection does not apply to a county in which the county fiscal body adopts an ordinance to provide for the use of the certified distribution described in section 16 of this chapter to fund a public transportation project under IC 8-25. The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the homestead credit or



1 residential property tax replacement credit provided under this section
 2 within the county. The money shall be distributed to the civil taxing
 3 units and school corporations of the county:

4 (1) as if the money were from property tax collections; and

5 (2) in such a manner that no civil taxing unit or school
 6 corporation will suffer a net revenue loss because of the
 7 allowance of a homestead credit or residential property tax
 8 replacement credit under this section.

9 (l) This subsection does not apply to a county in which the county
 10 fiscal body adopts an ordinance to provide for the use of the certified
 11 distribution described in section 16 of this chapter to fund a public
 12 transportation project under IC 8-25. Subject to the approval of the
 13 ~~imposing entity~~; **county council**, the county auditor may adjust the
 14 increased percentage of:

15 (1) homestead credit determined under subsection (i)(2) if the
 16 county auditor determines that the adjustment is necessary to
 17 achieve an equitable reduction of property taxes among the
 18 homesteads in the county; or

19 (2) residential property tax replacement credit determined under
 20 subsection (j)(2) if the county auditor determines that the
 21 adjustment is necessary to achieve an equitable reduction of
 22 property taxes among the residential property in the county.

23 (m) This section applies to Hamilton County and Marion County. If
 24 the voters of a county approve a local public question under IC 8-25-2,
 25 the fiscal body of the county may adopt an ordinance to provide for the
 26 use of the certified distribution described in section 16 of this chapter
 27 to fund a public transportation project under IC 8-25. However, a
 28 county fiscal body shall adopt an ordinance under this subsection if
 29 required by IC 8-25-6-10 to impose an additional tax rate on the county
 30 taxpayers who reside in a township in which the voters approve a
 31 public transportation project in a local public question held under
 32 IC 8-25-6. An ordinance adopted under this subsection must specify an
 33 additional tax rate to be imposed in the county (or township in the case
 34 of an additional rate required by IC 8-25-6-10) of at least one-tenth
 35 percent (0.1%), but not more than twenty-five hundredths percent
 36 (0.25%). If an ordinance is adopted under this subsection, the amount
 37 of the certified distribution attributable to the additional tax rate
 38 specified in the ordinance and authorized by section 5(o) of this chapter
 39 to fund a public transportation project under IC 8-25 must be:

40 (1) retained by the county auditor;

41 (2) deposited in the public transportation project fund established
 42 under IC 8-25-3-7; and



(3) used for the purpose provided in this subsection instead of the purposes specified in the capital improvement plan adopted under section 15 of this chapter.

SECTION 36. IC 6-3.5-7-30 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2016]: **Sec. 30. Notwithstanding the replacement of the county income tax council with the county council for purposes of this chapter, all actions taken before January 1, 2016, with respect to the following, continue in full force and effect, unless modified by the county council under this chapter after December 31, 2015:**

- (1) **The imposition of the tax under this chapter.**
- (2) **The total tax rate imposed under this chapter.**
- (3) **The uses of the tax revenue under this chapter.**
- (4) **All agreements relating to the use of the tax revenue.**
- (5) **All proceedings and any action taken at a proceeding concerning the tax.**
- (6) **Any final action taken by the county income tax council before January 1, 2016, with regard to tax rate increases, decreases, or other matters that will not take effect until after December 31, 2015.**

SECTION 37. IC 8-18-22-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 6. (a) Except as provided in subsection (b), the county fiscal body may pledge revenues for the payment of principal and interest on the bonds and for other purposes under the ordinance as provided by IC 5-1-14-4, including revenues from the following sources:

- (1) The motor vehicle highway account.
- (2) The local road and street account.
- (3) The county motor vehicle excise surtax.
- (4) The county wheel tax.
- (5) The county adjusted gross income tax.
- (6) The county option income tax.
- (7) The economic development income tax.
- (8) Assessments.
- (9) Any other unappropriated or unencumbered money.

(b) The county fiscal body may not pledge to levy ad valorem property taxes for these purposes, except for revenues from the following:

- (1) IC 8-16-3.
- (2) IC 8-16-3.1.

(c) If the county fiscal body has pledged revenues from the county



option income tax as set forth in subsection (a), the county ~~income tax~~ council (as defined in IC 6-3.5-6-1) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county ~~income tax~~ council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

(d) If the county fiscal body has pledged revenues from the economic development income tax as set forth in subsection (a), the county ~~income tax~~ council (~~if the council is the body that imposed the tax~~) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county ~~income tax~~ council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

(e) A covenant made under this section by a county income tax council before January 1, 2016, is considered a covenant of the county council after December 31, 2015.

SECTION 38. IC 8-25-3-2, AS ADDED BY P.L.153-2014, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 2. (a) This section applies to Delaware County and Madison County.

(b) If the voters of an eligible county approve a local public question under IC 8-25-2, the fiscal body of the eligible county may, subject to section 4 of this chapter, adopt an ordinance under ~~IC 6-3.5-6-30(t)~~ **IC 6-3.5-6-30(s)** to impose an additional county option income tax rate for the public transportation project.

SECTION 39. IC 8-25-6-10, AS ADDED BY P.L.153-2014, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 10. If the voters of a township located in an eligible county approve a local public question under this chapter, the fiscal body of the eligible county shall adopt an ordinance under IC 6-3.5-1.1-24(s), ~~IC 6-3.5-6-30(t)~~, **IC 6-3.5-6-30(s)**, or IC 6-3.5-7-26(m), whichever is applicable to the eligible county, to impose an additional county adjusted gross income tax rate, county option income tax rate, or county economic development income tax rate upon the county taxpayers residing in the township for the public transportation project in the township.

SECTION 40. IC 12-20-25-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]: Sec. 35. (a) The control board shall report the following to the county fiscal body:

- (1) The audit findings of the management committee.
- (2) The financial plan adopted under section 33 of this chapter.



- 1 (b) Not more than thirty (30) days after notice, the county fiscal
2 body shall adopt one (1) of the following:
- 3 (1) An ordinance adopting the financial plan adopted by the
4 control board.
- 5 (2) An ordinance rejecting the financial plan adopted by the
6 control board.
- 7 (c) Notwithstanding IC 6-3.5-6, if:
- 8 (1) the financial plan adopted under section 33 of this chapter
9 includes the county option income tax; and
- 10 (2) the fiscal body adopts an ordinance adopting the financial plan
11 under subsection (b);
- 12 the county option income tax is imposed at the rate adopted in the
13 financial plan. Subject to the requirements of this chapter, the county
14 fiscal body ~~rather than the county income tax council~~; has the authority
15 granted to a ~~county income tax council~~ by IC 6-3.5-6 as long as the
16 county option income tax imposed under this chapter remains in effect.

